GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:5053
ANSWERED ON:28.04.2005
LOSS INCURRED BY AI ON PURCHASE OF AIRCRAFT
Manoj Dr. K.S.

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the C&AG in its Report No. 3 of 2005 (Commercial) has observed that Air India had incurred an expenditure of Rs.26.33 crore in enhancing payload limit of its aircraft, which did not yield desired results due to unrealistic estimation of cargo growth;

(b) if so, the facts thereof; and

(c) the remedial measures taken in this regard?

Answer

- MINISTER OF STATE(INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION(SHRI PRAFUL PATEL)

(a), (b) and (c):- Yes, Sir. An expenditure of Rs. 26.33 crores was incurred in May, 2000 to enhance the payload limit (increase in `Maximum Zero Fuel Weight`) of six B737-400 aircraft. This was necessiated due to the reconfiguration of the aircraft to accommodate 26 additional economy Class seats. Subsequently, during June 2000 to March 2001(FY 2000-01), the cargo revenue went up by Rs.7 crores as compared to 1999-2000. Similarly, the passenger seat factor on the India/USA/India sector went up to 77.9% as against 72.4% in previous year representing a growth of 5.5%. As against a capacity of 423 seats available on B747-400, this translates into carriage of average 23 passengers more per flight in one direction i.e. 46 passengers more per return trip. This increase in number of passengers required additional space/weight of baggage as well as increase in weight on account of additional passengers and would have reduced the payload availability for cargo to the following extent

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    Average weight Average weight per
    of baggage per passenger 77 kgs.
    passenger
    64 kg,.

46 addl. pax.  64X64= 2944 46X77=3542
10 flights per week 29440  35420
52 weeks per year 1530.880(A) 1841.840 (B)


Additional  pay  load  utilised  on  account of increaase in
passengers : (a) + (B) = 3372.7 tons.
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It is clear from above that in spite of additional use of payload to the tune of 3373 tons on account of increase in number of passengers carried during 2000/01 compared to the previous year, Air India cargo was also able to carry almost the same tonnage and earned a higher revenue of Rs.7 croresin 2001-01 as compared to the previous year, the tempo could not be maintained due to the severe restrictions imposed by FAA & TSA on carriage of cargo of new exporters and unkmown shippers on passengers flights. The economic slowdown as well as sthe security concerns in the aftermath of Sept. 11, incident affected the airline industry very badly. Air India is still managed to imporved its cargo revenue in 2002-03 as compared to 2001-02.

In spite of additiional use of payload to the tune of 3373 tons on account of increase in number of passengers carried during 2000-01 compared to the previoius year, Air India cargo was able to carry almost same tonnage and earned a higher revenue of Rs.7 crores. Had the above expenditure of Rs.26.33 crores not been incurred, the cargo uplifts could have come down by 3373 tons and would have resulted in subsdquent revenue loss of Rs.22.71 crroes in a year @ cargo yield existing during 2000-01.